

## UTAH WATER QUALITY BOARD

<b>IN THE MATTER OF</b>  <b>ROCKY MOUNTAIN PIPELINE SYSTEM LLC., 1575 HIGHWAY 150 SOUTH, EVANSTON, WYOMING 82930</b>  <b>HOLLOMAN CORPORATION, 13730 EAST I-10, CONVERSE, TEXAS 78109</b>	<b>DOCKET NUMBER I08-07</b> <b>SETTLEMENT AGREEMENT</b>
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This **SETTLEMENT AGREEMENT** (hereinafter "**AGREEMENT**") is between **ROCKY MOUNTAIN PIPELINE SYSTEM LLC., AND HOLLOMAN CORPORATION** (hereinafter "**OPERATOR**") and the **UTAH WATER QUALITY BOARD** (hereinafter the "**BOARD**"), concerning violations of the *Utah Water Quality Act* (the *Act*), *Utah Code Annotated*, and the *Utah Administrative Code*.

1. The **BOARD** has authority to administer the *Utah Water Quality Act*, as amended 1953, (hereinafter the "**ACT**").
2. The **BOARD** has been delegated authority by the U.S. Environmental Protection Agency (EPA) to administer the *National Pollutant Discharge Elimination System (NPDES)* permit program under the *Federal Clean Water Act (CWA)*.
3. The parties now desire to resolve this matter fully without further administrative proceedings except to the extent provided herein by entering into this **AGREEMENT**. Entering into this **AGREEMENT** is not an admission of liability or factual allegation set out in the **NOTICE**, nor is it an admission of or an agreement to any disputed facts or disputed legal theories, nor is it an admission of any violation of any law, rule, regulation or permit by the **OPERATOR**.
4. The **EXECUTIVE SECRETARY** of the **BOARD** (hereinafter the "**EXECUTIVE SECRETARY**") will administer the terms and provisions of this **AGREEMENT**.
5. This **AGREEMENT** resolves the **NOTICE OF VIOLATION** and **ORDER**, Docket Number I08-07 (hereinafter the "**NOTICE**"), between the **OPERATOR** and the **BOARD**, issued to the **OPERATOR** on July 18, 2008, by the **BOARD**. It does not in any way relieve the **OPERATOR** from any other obligation imposed under the *Act* or any other State or Federal laws.
6. In resolution of said **NOTICE** referenced in Paragraph 5 of this **AGREEMENT**, the

**OPERATOR** agrees to pay a total penalty amount of **\$9,499.00**. The penalty has been determined using the *Penalty Criteria for Civil Settlement Negotiations, Utah Administrative Code ("UAC") R317-1-9* which considers such factors as the nature, severity and extent of the violations, history of noncompliance, degree of willfulness and/or negligence, good faith efforts to comply, and economic benefit. No later than 30 calendar days after the effective date of this **AGREEMENT**, the **OPERATOR** agrees to pay **\$3,499.00** to the Division of Water Quality ("**DWQ**"). A billing statement will be mailed to the **OPERATOR** when this **AGREEMENT** is effective. No later than 90 calendar days after the effective date of this **AGREEMENT** the **OPERATOR** agrees to pay **\$6,000.00** to the American Public Works Association (**APWA**), specifically for training purposes through the **Storm Water Advisory Committee (SWAC)** and develop a **FUNDING AGREEMENT** between the **OPERATOR** and **APWA - SWAC**.

- a. The **FUNDING AGREEMENT** must be approved by the **EXECUTIVE SECRETARY**.
  - b. The **OPERATOR** agrees to provide the **EXECUTIVE SECRETARY** with evidence of timely payment to **APWA - SWAC**. Notice of payment shall be made within 30 days of payment.
  - c. If for any reason **APWA - SWAC** does not utilize the funds for the work outlined in the **FUNDING AGREEMENT** within 12 months of the effective date of this **AGREEMENT**, then the **OPERATOR** is required to submit any unused funds to **DWQ** within 30 days of this deadline.
  - d. If for any reason a **FUNDING AGREEMENT** cannot be agreed upon by the **OPERATOR** and **APWA - SWAC**, then the **OPERATOR** shall submit payment of **\$9,499.00** to **DWQ** within 90 days of the effective date of this **AGREEMENT**.
7. The **OPERATOR** agrees to comply with the terms of the **FUNDING AGREEMENT** with **APWA - SWAC**.
  8. Nothing contained in this **AGREEMENT** shall preclude the **BOARD** from taking additional actions to include additional penalties against the **OPERATOR** for permit violations not resolved by this **AGREEMENT**.
  9. If an agreement between the **OPERATOR** and the **EXECUTIVE SECRETARY** cannot be reached in a dispute arising under any provision of this **AGREEMENT**, then the **OPERATOR** or the **EXECUTIVE SECRETARY** may commence a proceeding with the **BOARD** under the *Administrative Procedures Act* to resolve the dispute. A

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final decision in any adjudicative proceeding shall be subject to judicial review under applicable state law.

10. Nothing in this **AGREEMENT** shall constitute a waiver by the **OPERATOR** to raise in defense any legal or factual contention for future allegations of noncompliance.
11. Nothing in this **AGREEMENT** shall constitute or be considered as a release from any claims, to include natural resource damage claims, cause of action, or demand in law or equity which the **STATE** may have against the **OPERATOR**, or any other person, firm, partnership or corporation for any liability arising out of or relating in any way to the release of pollutants to waters of the State.

AGREED to this \_\_\_\_ day of \_\_\_\_\_, 2009

mlk Rocky Mountain Pipeline Systems LLC

By: Mark J. Gorman

Name: Mark J. Gorman

Senior Vice President  
Operations and Business Development

Title: \_\_\_\_\_

And

**UTAH WATER QUALITY BOARD**

Holloman Corporation

By: [Signature]  
Authorized Agent

By: \_\_\_\_\_  
Executive Secretary